



Carlos Jackson
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Commissioners

May 22, 2007

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**HEARING TO APPROVE THE 2007-2008 ACTION PLAN FOR THE ALLOCATION
OF FEDERAL FUNDS (ALL DISTRICTS)
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS, AFTER THE PUBLIC
HEARING:**

1. Find that the approval of the Action Plan is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.
2. Approve the Action Plan for Fiscal Year 2007-2008 (Action Plan) which will enable the Los Angeles Urban County to receive and administer an estimated \$69,625,641 in federal funds, comprised of the following: \$30,734,718 in Thirty-third Program Year (July 1, 2007 to June 30, 2008) Community Development Block Grant (CDBG) funds; \$396,268 in Fiscal Year 2007-2008 CDBG funds received as a joint applicant with the City of Cerritos; \$18,201,849 in CDBG funds from prior fiscal years; \$6,000,000 in estimated future CDBG Program income; \$12,814,611 in Fiscal Year 2007-2008 HOME Investment Partnerships (HOME) Program funds; \$157,849 in Fiscal Year 2007-2008 American Dream Downpayment Initiative Act (ADDI) Program funds; and \$1,320,346 in Fiscal Year 2007-2008 Emergency Shelter Grant (ESG) funds.

3. Designate the Community Development Commission (Commission) to serve as the agent of the County for administration of the Action Plan and the allocated funds described herein; authorize the Commission to administer and/or perform the following:
 - a. Approve Finding of No Significant Impact (FONSI) clearances for projects under the National Environmental Policy Act (NEPA);
 - b. Incorporate into the Action Plan public comments approved for inclusion by your Board;
 - c. Submit the Action Plan to the U.S. Department of Housing and Urban Development (HUD) by June 1, 2007, following Board approval; and authorize the Commission to provide HUD with any additional information required for approval of the Action Plan.
 - d. CDBG Reimbursable and Advance Contracts to provide a total of \$5,301,820 in CDBG funds for the 2007-2008 Fiscal Year, to be effective from July 1, 2007 to June 30, 2008, for sixty-four projects with fifty-six community-based organizations, and other public agencies described in the Action Plan; and to execute the contracts and any necessary, non-monetary amendments, following approval as to form by County Counsel.
 - e. CDBG Reimbursable Contract Amendments with forty-seven participating cities to provide a total of \$18,496,688 CDBG funding for eligible activities for Fiscal Year 2007-2008, to be effective from July 1, 2007 to June 30, 2008; and to execute the amendments and any necessary, non-monetary amendments, following approval as to form by County Counsel.
 - f. CDBG Reimbursable Contract Amendments with five cities that have been approved or are pending approval of Section 108 Loans by HUD, for the purpose of repaying Section 108 Loans previously approved by your Board, attached in substantially final form; administer the amendments, following approval as to form by County Counsel; and to set aside approximately \$1,416,603 of the Fiscal Year 2007-2008 CDBG allocations to these five cities for repayment of their Section 108 loans.

- g. Memoranda of Understanding (MOU's) with nine participating cities to provide \$3,805,479 in HOME funds for the development of single-family homes and single-family home rehabilitation; and administer the MOU's and any necessary non-monetary amendments, following approval as to form by County Counsel.
- h. The reprogramming of HOME funds, within the limits prescribed by HUD, in order to fully expend the grant, for the purposes described in the Action Plan.
- i. The use of ESG funds, in the amount of \$1,320,346 to fund programs that assist the homeless; and amending the Action Plan to include the final distribution of ESG funds to the Los Angeles Homeless Services Authority (LAHSA) once LAHSA has completed a Request for Proposal (RFP) process to determine the projects that will receive funding, as described in the Action Plan.
- j. The revision of the Action Plan from time to time, as necessary, to include non-monetary modifications to projects being undertaken by the County and participating cities during Fiscal Year 2007-2008, and to include federal regulation changes and new HUD directives.
- k. The following transfers, totaling \$473,458 in Fiscal Year 2007-2008 CDBG funds, which will be exchanged for general funds, from the cities of Bradbury, La Habra Heights, Manhattan Beach, Rolling Hills Estates, Sierra Madre, and Westlake Village, to the City of Hawaiian Gardens; and from the Fourth Supervisorial District to the City of Lawndale; and administer all required documents for these purposes, following approval as to form by County Counsel.
- l. The termination of CDBG Reimbursable and Advance Contracts utilizing Fiscal Year 2007-2008 funds, when a breach of contract occurs or when funded activities are determined ineligible under CDBG regulations; and to administer all related actions, including execution of any necessary documents, to effect such terminations, following approval as to form by County Counsel.
- m. Identification and deposit into unprogrammed fund accounts of the respective Supervisorial Districts, of all CDBG Fiscal Year 2007-2008 funds that are unexpended, disallowed, or recovered as a result of full or partial CDBG Reimbursable or Advance Contract terminations.

4. Authorize the allocation of CDBG funds to the Housing Authority in the amount of \$4,591,896 to carry out twenty-three projects involving capital improvements and services for public housing residents to be effective from July 1, 2007 to June 30, 2008.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The National Affordable Housing Act (NAHA) of 1990 (Cranston/Gonzalez Housing Act), as amended in 1992, requires that the County of Los Angeles provide a single, consolidated submission of the proposed expenditure of funds to be eligible for HUD formula grant funding, including CDBG, HOME, ADDI and ESG. The Action Plan satisfies these federal requirements to provide for the release of funds.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Action Plan allocates an estimated \$69,625,641 in federal funds, as follows: \$30,734,718 in new Thirty-third Program Year (July 1, 2007 to June 30, 2008) CDBG funds; \$396,268 in CDBG funds received as a joint applicant with the City of Cerritos; \$18,201,849 in unexpended CDBG funds from prior years; \$6,000,000 in estimated future CDBG Program income; \$12,814,611 in Fiscal Year 2007-2008 HOME funds; \$157,849 in Fiscal Year 2007-2008 ADDI funds; and \$1,320,346 in Fiscal Year 2007-2008 ESG funds.

CDBG funds total \$55,332,835 are comprised of new, reallocated, prior years', and Program income funds. The five Supervisorial Districts will receive an allocation of \$36,836,147 for projects in the unincorporated areas of the County, of which \$4,591,896 will be distributed to the Housing Authority for capital improvement projects and services for residents of public housing. The forty-seven participating cities will receive an allocation of \$18,496,688. Projects to address housing and community needs will be implemented by the Commission, the Housing Authority, County departments, and approximately fifty-six community-based organizations and other public agencies, such as school districts.

Fiscal Year 2007-2008 and prior year CDBG funds in the amount of \$473,458 will be exchanged for general funds. The City of Hawaiian Gardens will receive a total of \$291,640 in CDBG funds as follows: \$3,584 from the City of Bradbury; \$24,002 from the City of La Habra Heights; \$150,952 from the City of Manhattan Beach; \$29,206 from the City of Rolling Hills Estates; \$49,608 from the City of Sierra Madre; and \$34,288 from the City of Westlake Village. The City of Lawndale will receive \$181,818 from the Fourth Supervisorial District.

The CDBG Reimbursable Contracts with five cities currently repaying Section 108 loans will be amended to reduce the allocations of Fiscal Year 2007-2008 CDBG funds by \$1,416,603 in order to set aside annual repayment amounts that are due under separate Section 108 loan agreements. The following amounts will be subtracted from their Fiscal Year 2007-2008 allocations: \$293,835 for the City of Azusa; \$535,517 for the City of Bell Gardens; \$55,186 for the City of Claremont; \$196,644 for the City of Culver City; and \$335,419 for the City of San Fernando.

HOME funds total \$12,814,611, of which \$1,281,461 will be used for HOME Program administration, as determined by HUD. The First-Time Homebuyer Program will use \$2,157,849 to provide home ownership opportunities in the unincorporated areas of the County and participating cities, consisting of \$2,000,000 in Fiscal Year 2007-2008 HOME funds and \$157,849 in Fiscal Year 2007-2008 ADDI funds. Housing development and rehabilitation activities will use \$7,610,958, of which \$3,805,479 will be set aside for six months for participating cities. After six months, the remaining funds will be available in the unincorporated areas and participating cities on a first-come, first-served basis for development and rehabilitation activities. In addition, \$1,922,192 will be set aside for Community Housing Development Organizations. HOME funds may be re-programmed for home ownership, development, and rehabilitation needs.

ESG funds total \$1,320,346. These funds will be allocated to LAHSA for projects to assist the homeless in the unincorporated areas of the County of Los Angeles and participating cities. LAHSA will conduct an RFP process to award these funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 23, 2006, your Board approved the fourth Action Plan (Fiscal Year 2006-2007) of the current five-year Consolidated Plan. The current annual Action Plan ends on June 30, 2007, and a new Action Plan must be adopted by your Board to continue receiving funding from HUD. The new Action Plan includes a description of the activities to be undertaken during the 2007-2008 Fiscal Year to address the objectives outlined in the Consolidated Plan's five-year strategy.

Subsequent to your Board adopting the current Consolidated Plan, Congress enacted the ADDI under the HOME Program to assist low-income families in becoming first-time homebuyers. The County, commencing in Fiscal Year 2003-2004, receives an annual ADDI allocation which will be administered under the County's Consolidated Plan and Action Plans.

Standard CDBG Advance or Reimbursable Contracts will be entered into with recipients of CDBG funds. Reimbursable Contracts for Fiscal Year 2007-2008 will not be executed with the cities of Bradbury, La Habra Heights, Manhattan Beach, Rolling Hills Estates,

Sierra Madre and Westlake Village because these cities will transfer their entire new allocations to other cities.

MOU's will also be executed with participating cities wishing to implement single-family Homeowner Rehabilitation activities using HOME funds. These funds will be used for homeownership, housing development and redevelopment activities throughout the unincorporated County and in participating cities.

In addition to the above proposed allocations, the Commission is requesting the Executive Director be authorized to administer the termination of CDBG contracts with community-based organizations that fail to address administrative deficiencies, Program compliance issues, or other contract obligations. Following consultation with County Counsel and the respective Supervisorial Districts, the Commission will determine whether or not it is in the best interest of the County to suspend funding for the Program year and terminate the contracts. If so, the Commission will then recover any disallowed or unexpended funds and return said funds to the appropriate Supervisorial Districts.

All public notice requirements contained in 24 Code of Federal Regulations Part 91 Section 91.105 of the NAHA for approval of the Action Plan have been satisfied. A total of four community meetings were held in September and October 2006. Comments received at these meetings have been incorporated into the Action Plan and were posted on the Commission website in late April 2007 to update the public regarding the comments received earlier at the meetings. Notices of the 30-day public comment period and public hearing were published in newspapers throughout the County and copies of the draft Action Plan were made available for review at public libraries. The public comment period will conclude on May 22, 2007.

The Action Plan is attached to this Board letter. The following documents are also attached: Fiscal Year 2007-2008 CDBG Grant Funding Summary; FY 2007-2008 CDBG Funding Distribution; Fiscal Year 2007-2008 HOME Grant Reservations and Set-Asides and Fiscal Year 2007-2008 ADDI Grant Funds; and Proposed Use of ESG Funds. These items appear as Attachments A through C, respectively.

All of the projects proposed in the Action Plan are being federally-funded. As applicable, the administering agencies will be subject to the prevailing wage requirements of the Davis-Bacon Act Related Acts and Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance. However, where Section 3 is not applicable, the agencies will be subject to the County's Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program, which furthers the same or similar goals.

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This letter has been reviewed by County Counsel. Similar letters are also being submitted to the Board of Commissioners of the Community Development Commission, and to the Board of Commissioners of the Housing Authority for the May 22, 2007 Board meeting, for concurrent approval.

On April 25, 2007, the Housing Commission recommended approval of all Housing Authority projects contained in the Action Plan.

ENVIRONMENTAL DOCUMENTATION:

The Action Plan is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(1), because it is a planning document and does not involve activities that will alter existing environmental conditions. The Action Plan is not subject to the provisions of the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

Each program within the Action Plan will be reviewed for environmental impact on a project-by-project basis before funding is released.

CONTRACTING PROCESS:

HOME funds are used to implement a variety of affordable housing development and rehabilitation programs available to households earning less than 80 percent of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as determined by HUD. Funds are available through an open RFP process, on a first-come, first-served basis to qualified for-profit and non-profit developers and Fair Housing Development Organizations. Projects are selected to maximize the impacts of HOME funds based on viability, financial feasibility, and appropriateness to geographic location and community need. Funds are also available on a first-come, first-served basis to qualified homebuyers and owners of single- and multi-family housing in need of rehabilitation.

LAHSA contracts with non-profit and government agencies to provide housing and services for homeless individuals and families through an RFP process that solicits proposals for new and continuing projects. The 2007-2008 Winter Shelter Program will begin in November 2007, and LAHSA will issue an RFP to identify service providers in August 2007. It is anticipated that current County ESG-funded shelter and services contracts will be renewed for an additional year.

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The County does not use a competitive process to award CDBG contracts to non-profit agencies. Each Supervisorial District utilizes the Community Resources Investment Strategy (CRIS), citizen input from community meetings, and consultations with the Commission to select agencies that best meet community needs.

IMPACT ON CURRENT PROJECTS:

The projects contained in the Action Plan will benefit low- and moderate-income residents of the unincorporated County and participating cities.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 4

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COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Thirty-third Year Grant (July 1, 2007 - June 30, 2008)Funding Summary**Grant Funds To Be Received**

Thirty-third Year Urban County Entitlement Funds	\$30,734,718
Received for the City of Cerritos	\$396,268

TOTAL (revenues for Thirty-third Program Year)	\$31,130,986
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Revenues for Thirty-third Program Year	\$31,130,986
Prior Years Funds	\$18,201,849 ¹
Projected Program Income	\$6,000,000
TOTAL REVENUES	\$55,332,835

Distribution of CDBG Funds for the Thirty-third Program Year

Unincorporated Areas	\$36,836,147 ²
Participating Cities	\$18,496,688 ³
TOTAL	\$55,332,835

¹ Includes Districts' unallocated/reprogrammed funds, countywide prior year funds, and reallocated/prior year funds of participating cities.

² Includes reallocated funds, prior years' funds, and projected program income.

³ Includes reallocated funds and prior years' funds.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Thirty-third Year Grant (July 1, 2007 - June 30, 2008)

CDBG Funding Distribution

AGENCY/ACTIVITY	Funding Amount
Participating Cities	\$ 18,496,688
CDC Divisions	\$ 14,228,015
HMD (HA)	\$ 4,591,896
County Departments	\$ 2,686,527
Community-based Organizations (CBO)/Other Public Agencies (OPA)	\$ 5,301,820
Section 108 (Set-Aside)	\$ 1,416,603
CDBG Funds to be exchanged for General Funds	\$ 473,458
Administration Costs	\$ 7,426,197*

* includes the total administrative authority for the participating cities and the CDC and is based on the annual CDBG grant and projected program income for 2007-2008

ATTACHMENT B**FISCAL YEAR 2007-2008 HOME, AND FY 2007-2008 ADDI-HOME
GRANT FUND RESERVATIONS AND SET-ASIDES**

The following chart depicts the distribution of HOME and ADDI-HOME funds between activities in Participating Cities and the Unincorporated Areas of the County.

HOME PROGRAM	FUNDS
Total Funds (Estimated)	$\begin{array}{r} \$12,814,611 \text{ HOME} \\ + \quad 157,849 \text{ ADDI-HOME} \\ \hline \$12,972,460 \end{array}$
Administration	\$1,281,461 (HUD Determined - 10%)
Community Housing Development Organizations (CHDO)	\$1,922,192 (HUD Determined - 15%)
Homebuyer Assistance	$\begin{array}{r} \$2,000,000 \text{ FY 2007-08 HOME} \\ + \quad 157,849 \text{ FY 2007-2008 ADDI-HOME} \\ \hline \$2,157,849 \end{array}$
New Construction:	
Participating Cities*	\$2,305,479 (50%)
Unincorporated	\$2,305,479 (50%)
Rehabilitation:	
Participating Cities*	\$1,500,000 (50%)
Unincorporated	\$1,500,000 (50%)

*Set-Aside for Participating Cities for a period of six months following the execution of the HOME Grant Agreement.

ATTACHMENT C

PROPOSED USE OF ESG FUNDS

The Los Angeles Homeless Services Authority (LAHSA) proposes to use the 2007-2008 Emergency Shelter Grant allocation to meet the purpose of the Stewart B. McKinney Homeless Assistance Act 24 CFR 576.1 (b), and to meet the homeless needs, goals and objectives identified in the 2003-2008 Consolidated Plan. In response to public input relative to homelessness, LAHSA has adopted policies to geographically allocate homeless resources where need has been identified.

The priorities for use of ESG funds are operations and essential services. Operations funds will be used to fund outreach services by the emergency response team, overnight shelter through the winter shelter program and emergency housing. Essential services will be used to fund the access center program, the emergency response team and emergency housing. All these programs are located throughout Los Angeles County. The winter shelter program provides temporary nightly shelter during the period of time in which Los Angeles usually experiences its most inclement weather, November 15 to March 30. The emergency response team conducts outreach and referrals to homeless persons who are sent to LAHSA through phone calls from City Council offices, Board of Supervisors offices, business owners and community members. The emergency housing program provides twenty-four hour shelter to homeless individuals and families. The services provided assist participants obtain more stable housing and learn more independent living skills.

The following is an estimate of the percentages of the ESG funds to be allocated to the various activities eligible under ESG:

ELIGIBLE ACTIVITY	PERCENTAGE	ESTIMATED ALLOCATION
Operations	65	\$858,225
Essential Services	30	\$396,104
Administration	5	\$66,017
TOTAL	100%	\$1,320,346

LAHSA will meet the matching funds requirement with 100% federal Supportive Housing Program funds for the 2007-2008 Program Year.